

This following are excerpts from the Master Disposition Agreement GM filed with the bankruptcy court (SDNY). It confirms the roles of GM, the Treasury, the PBGC and Delphi, in the surrender of the PBGC's liens against Delphi's Non-US assets contrary to the statutory requirements of ERISA. Paragraphs 34 and 46 show complicity by the US Treasury by covering the costs of a deal to secure the release of liens by the PBGC and to expedite the termination of Delphi's pension plans to the detriment of the salaried retirees.(GM Bankruptcy Docket 2096)

(e) PBGC Agreement

33. Delphi's hourly and salaried pension plans are currently significantly underfunded (the hourly plan has a net underfunded liability of approximately \$3.2 billion and the salaried plan has a net underfunded liability of approximately \$2.1 billion). The PBGC has asserted liens against the assets of Delphi's non-debtor affiliates (which include the foreign assets under the Potential Transaction) to attempt to secure certain of the PBGC's pension related claims against Delphi's ERISA control group. Although Delphi has disagreed that these asserted liens are valid or enforceable, neither GM nor Parnassus (nor presumably any other potential purchaser) is willing to purchase the assets (or shares in the non-debtor affiliates that own the assets) while they are subject to the threat of the PBGC liens. As a result, conditions precedent to the obligations of GM and Parnassus under the MDA are that the PBGC shall have agreed to remove its alleged liens on the assets subject to the Proposed Transaction. Additionally, Delphi's obligations under the MDA are conditioned on Delphi not being subject to liability in respect of its hourly pension plan after the closing of the MDA.

34. GM, Delphi, the PBGC, and the U.S. Treasury have engaged in discussions regarding an agreement to satisfy these conditions and render saleable the assets subject to the PBGC's asserted liens (a "**PBGC Agreement**"). As part of a PBGC Agreement, GM may agree to make a cash payment to the PBGC and/or assume all or some portion of the net underfunded liability of Delphi's hourly pension plan. GM will only agree to make these contributions if they are necessary to enable the Proposed Transaction or any Acceptable Alternative Transaction to proceed and the contributions are clearly outweighed by the benefits GM would receive from the Proposed Transaction or an Acceptable Alternative Transaction. In such circumstances, the GM contributions would be a sound exercise of GM's business judgment. Additionally, as with the other aspects of the Proposed Transaction, any GM contributions under a PBGC Agreement will be subject to U.S. Treasury consent.

35. GM hopes that a PBGC Agreement can be reached before the hearing of this Motion. If a PBGC Agreement is timely reached, GM expects to file it with the Court as a supplement to this Motion and seek approval of the PBGC Agreement under section 363 of the Bankruptcy Code as part of the relief requested herein. If a PBGC Agreement is not timely reached, GM will separately seek any necessary Court approval of the PBGC Agreement.

46. The need for GM to enter into the Proposed Transaction is also recognized by the U.S. Treasury, the party with the largest stake in GM's reorganization. The U.S. Treasury has not only consented to the Proposed Transaction, but is willing to fund it under the Debtors' postpetition financing. This willingness is indicative of the importance of the Proposed Transaction to GM's reorganization and the restructuring of the United States automotive industry.

The following are excerpts from Sworn Declaration of Rick Westenberg in the GM bankruptcy case (Docket by the PBGC was done for GM's benefit showing a breach of fiduciary responsibility by the PBGC. Paragraph 7.17 clearly shows that the PBGC traded liens valued at between \$2-4 billion for an unsecured bankruptcy claim in the amount of \$3 billion that is essentially worthless. GM Docket 2096 clearly shows the role of the US Treasury in influencing this outcome. (GM Bankruptcy Docket 3053)

DECLARATION OF RICK WESTENBERG

5. I make this declaration in support of GM's motion to approve (i) the purchase, and guarantee of purchase, of certain assets of Delphi pursuant to the MDA¹, (ii) entry into the SPA, the Operating Agreement, the Loan Agreement, the Commercial Agreements, and the Ancillary Agreements with Parnassus in connection with Parnassus's purchase of substantially all of the remaining operating assets of Delphi, (iii) assumption of certain executory contracts in connection with the sale of certain of Delphi's assets and assignment of such contracts and leases to Vehicle Holdings, (iv) entry into an agreement with the PBGC in connection with such transaction, and (v) entry into an Acceptable Alternative Transaction with the successful bidder, if applicable, in the auction of Delphi's assets (the "**Motion**").

VI. Involvement of U.S. Treasury

13. The United States Department of Treasury (the "**U.S. Treasury**") is the Debtors' largest prepetition secured creditor and their postpetition secured lender. As such, the U.S. Treasury was kept abreast of and participated in the negotiations over the Proposed Transaction and approved GM's entry into the Proposed Transaction.

14. Additionally, GM's postpetition secured loan will enable GM to fund the Proposed Transaction or an Acceptable Alternative Transaction that requires funding by GM. To that end, with the approval of the U.S. Treasury, GM's anticipated expenditures with respect to Delphi were built into the initial 13-week budget submitted to the Court as part of approval of GM's postpetition financing (the "**DIP Budget**") and the final DIP Budget reflects all of the projected expenditures to be paid by GM or the other GM Buyers, including funding of capital to Parnassus under the SPA, in connection with the Proposed Transaction or an Acceptable Alternative Transaction.

VII. The PBGC Discussions

15. Delphi's hourly and salaried pension plans are currently significantly underfunded (the hourly plan has a net underfunded liability of approximately \$3.2 billion and the salaried plan has a net underfunded liability of approximately \$2.1 billion). The PBGC has asserted liens against the assets of Delphi's non-debtor affiliates (which include the foreign assets under the Proposed Transaction) to attempt to secure certain of the PBGC's pension related claims against Delphi's ERISA control group. Although Delphi has disagreed that these asserted liens are valid or enforceable, neither GM nor Parnassus (nor presumably any other potential purchaser) is willing to purchase the assets (or shares in the non-debtor affiliates that own the assets) while they are subject to the threat of the PBGC liens. As a result, conditions precedent

to the obligations of GM and Parnassus under the MDA are that the PBGC shall have agreed to remove its alleged liens on the assets subject to the Proposed Transaction. Additionally, Delphi's obligations under the MDA are conditioned on Delphi not being subject to liability in respect of its hourly pension plan after the closing of the MDA.

16. GM, Delphi, the PBGC, and the U.S. Treasury have engaged in discussions regarding an agreement to satisfy these conditions and render saleable the assets subject to the PBGC's asserted liens (a "**PBGC Agreement**"). Although no PBGC Agreement has yet been reached, as part of any PBGC Agreement that may be ultimately reached, GM may agree to make a cash payment to the PBGC and/or assume all or some portion of the net underfunded liability of Delphi's hourly pension plan. GM will only agree to make these contributions if they are necessary to enable the Proposed Transaction or any Acceptable Alternative Transaction to proceed and the contributions are clearly outweighed by the benefits GM would receive from the Proposed Transaction or an Acceptable Alternative Transaction. In such circumstances, the GM contributions would be a sound exercise of GM's business judgment. Additionally, as with the other aspects of the Proposed Transaction, any GM contributions under a PBGC Agreement will be subject to U.S. Treasury consent.